

March - April
2002



WASHINGTON STATE
GAMBLING COMMISSION

Focus on Gambling

2002 Legislative Session

In the January-February edition of the newsletter we listed all the bills related to gambling that were discussed during this year's Legislative session.

The following bills passed and were signed by Governor Locke. They will become effective on June 13, 2002.

The Gambling Commission/Liquor Board joint agency-request bill regarding criminal background checks (HB 2631 & SB 6491) passed so that the agencies could comply with federal requirements. This will not impose any additional requirements on applications.

SHB 2767, Electronic Benefit Cards, was also passed and signed by the Governor. It prohibits those who have the cards for public assistance and food stamps to be able to use them for gambling purposes.

SB 5064, the cheating bill, passed both houses and was amended slightly. It allows up to a \$20,000 fine as the penalty for cheating. First Degree Cheating was reduced from a Class B to Class C felony.

HB 2918 authorizing bingo operations up to seven days a week for nonprofits passed. The bill had a moratorium section, and because of the way it was worded, it would have excluded smaller new licenses for all activities – raffles, punchboards and pull-tabs, and bingo. The ultimate result was that the Senate removed the moratorium altogether.

Mission Statement

Protect the public by ensuring that gambling is legal and honest.



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Judge Janice Niemi (Ret.)

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Inside this Issue:

- 2** New Bingo Law
- 3** Commission Meeting Agenda
- 3** New Stats on Web Site
- 4** More Web Site Information
- 4** Attention Bingo Hall Operators
- 5** Administrative Case Update
- 6** Financial Reporting Services Reports
- 7** Rules Adopted and Rules Up For Discussion
- 9** Upcoming Commission Meetings
- 11** Rule Changes
- 31** Mandatory Training Schedule

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Special note on the new bingo law: No licensee is authorized to conduct bingo 7 days a week and no premises may be used 7 days a week to conduct bingo until the Commission has implemented the appropriate rules. See related article below for more information.

New Bingo Law Could Affect Your Organization – We Want Your Comments

Currently, bingo operators may conduct bingo games up to three days a week and a building can be used for bingo games up to three days a week. This session the Legislature passed Engrossed House Bill 2918, which removes the three-day a week limit on bingo games and facility use, was passed by the legislature. The new law allows bingo operators to share a building and/or operate up to seven days a week in a building. Additionally, if a facility is used more than three days a week for bingo, the new law requires all bingo operators using that building to include a statement in advertising and promotions warning customers that participation in gambling may result in pathological gambling and harm.

Please be advised that no licensee is authorized to conduct bingo more than three days a week and no facility may be used more than three days a week for bingo operations until the Commission has implemented the necessary rules.

Staff are gathering as much input as possible before drafting new rules and making revisions to existing rules to match this new law. A letter was sent to all bingo licensees with dates and locations of meetings being held around the state during April and early May. The meetings were a chance for staff, licensees and the public to discuss the ramifications of this new law. At the April 11, 2002, meeting in Vancouver, some of the topics discussed were:

Shared facilities: Input from licensees ranged from requiring bingo operators who share a building to keep everything totally separate, to allowing everything (building, equipment, bingo paper, etc) to be shared using a rental agreement between licensees to set out ownership and sharing issues.

Management: Presently, bingo rules prohibit management of one bingo game by another charitable/nonprofit organization. Some licensees felt each bingo operator should still manage their own game. However, others felt the rules should be changed to allow one nonprofit organization to manage all games within the premises. They pointed out that if one operator managed all games in a building, there would be more pressure for management to comply with rules since the other bingo operations would be affected by any violations. Some licensees didn't want to be regulated into one position or the other – they wanted the option to choose shared or separate managements.

(Continued on page 3)



(Continued from page 2)

Warnings in Advertisements: Licensees requested clarification about the pathological gambling warning required in advertisements for games operating more than 3 days per week. Questions included how big should the “warning” print be in a newspaper ad and how often should it be played across a reader board.

Expense Allocation: One licensee suggested the bingo operator that leased out its facility should fill out the usual quarterly activity report and other licensees renting space in that same building would fill out a simplified form that would reflect only rent paid and income.

Commercial Pull-Tabs: Some licensees were concerned commercial businesses would rent a facility to a bingo operator and reserve the exclusive right to sell pull-tabs. As a result, the bingo operation would stimulate the commercial operator’s sale of pull-tabs. Bingo licensees did not feel using bingo to increase commercial gambling was proper.

If you were not able to attend one of these meetings, please share your thoughts and concerns on how bingo games should or should not be operated under the new legislation. Contact Nonprofit Coordinator Clint Lucci at (360) 738-6203 Ext. 27 or by e-mail at clintl@wsgc.wa.gov as soon as possible so your comments can be included in the rule-making process.

Commission Meeting Agenda

Approximately two weeks prior to each Commission meeting, the meeting agenda is posted on our website under Public Meetings. Linked to the agenda are the following documents:

- List of licenses up for approval
- Reviews (i.e. nonprofit qualification, manufacturer, financial, etc.)
- Text of proposed rule changes (click on WAC #)
- Summary explaining each proposed rule change (click on rule header)

For your convenience, we will be creating an e-mail distribution list to notify you that the meeting agenda is posted on the website. This way you don’t need to check and double check the website to see if the agenda is posted.

If you would like to be included on the new e-mail distribution list, please e-mail Carol Becerra at carolb@wsgc.wa.gov.

New Stats on the Web Site

Kathy Mills, Financial Reporting Supervisor

The 4th quarter statistical report is now available through our Internet site!!! If you enter www.wsgc.wa.gov/docs/stats/stat01-4.pdf, it will take you directly to the statistical report for the quarter ending December 31, 2001.

If this link does not work for you, you may access the report by going to our homepage (www.wsgc.wa.gov) and click on License Info, Reports, and Statistics (on the left side of the screen ... three icons down). Scroll down the page to click on Licensed Operators' Activity Statistics (under Statistics), then click on the December 31, 2001 quarterly report.

I want to draw your attention to two new reports providing bingo information at the end of the statistical report (pages 26 and 27). One is the Efficiency Ranking report, which lists the Top 40 bingo licensees (by gross receipts) and ranks their efficiency by comparing the percent of adjusted cash flow (the amount they are contributing to the organization’s stated purposes) to their gross receipts. The next one is the Combined Per Player Analysis. A licensee requested this report, so we are adding it and will reassess whether it is helpful to others in this format. The Efficiency Ranking report is less than a year old, but the Combined Per Player Analysis is brand new.

We appreciate your feedback to help us to make the reports even better or more useful. If you have information you would like included, please contact me at (360) 486-3473 or by e-mail at kathym@wsgc.wa.gov.



More Web Site Information

We recently developed some statistics about visitors to our web site.

In the month of December 2001, our site had 78,901 hits for an average of 2,545 per day. The top 10 topics viewed were:

- License Search (status checks for license applications in process);
- License Information and Statistics (including quarterly reports);
- Employment opportunities with the Gambling Commission;
- Links to other web sites;
- Card room information;
- License application forms;
- Commission meeting dates/minutes from meetings;
- RCW laws and WAC rules;
- Tribal Casino information; and
- Unlicensed Activities.

Many visitors to the site make inquiries requiring a staff response. We have been tracking our responses since 1999 by categories to ensure that what we have on the site is meeting the public's needs.

Of the 980 responses we have tracked, the top 4 categories are:

- Card rooms (171),
- Licensing questions (160),
- Tribal casino related (128), and
- Raffles (111).

If you have any ideas for items you would like to see included on the site, please contact Communications Coordinator Cindy Reed at (800) 345-2529 Ext. 3467 or by e-mail at cindyr@wsgc.wa.gov.



ATTENTION BINGO HALL OPERATORS: Linked Bingo Prizes Must Be Paid Within 48 Hours

By Clint Lucci, Nonprofit Coordinator

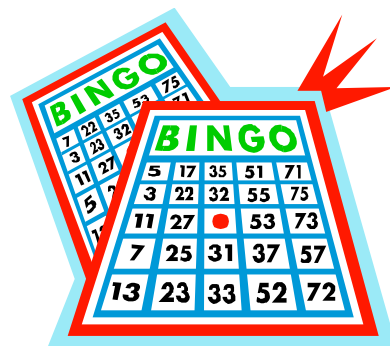
Commission staff have received formal complaints in regards to late linked bingo prize payments.

Washington Administrative Code (WAC) 230-20-255 (4) states, "A bingo licensee will have up to forty-eight hours to award a main or bonus to the player or players who have been deemed the winner(s)." It is the responsibility of **both** the bingo hall and the linked bingo prize provider to make sure the prize is awarded within this time frame.

Each bingo hall must coordinate with the linked bingo prize provider to assure the prize is awarded promptly. For example, let's say your hall operates Wednesdays, Thursdays, and Fridays. If a linked bingo-prize is won at your hall on Friday at 10PM, you must accommodate the player and deliver the prize check to them by Sunday at 10PM. This is required even if an employee has to come to the hall on their day off to accept the prize check delivery from the linked bingo prize provider and award it to the winner.

It is our mission to protect the public. We do this, in part, by ensuring winners are paid within certain time lines. If a linked bingo main or bonus prize is won at your facility, coordinate the prize check delivery with your linked bingo prize provider to ensure the winner receives their prize within 48 hours.

This article is one of many efforts to educate our licensees and ensure they understand how administrative codes apply to their industry.



Washington State Gambling Commission

Administrative Case Update

LICENSEE	VIOLATION	CASE OUTCOME
Cascade Bar & Grill, Vancouver	Operating with an expired license, and failure to submit Quarterly Activity Reports.	The licensee agreed to a 30 day suspension. 15 days of the suspension were deferred for one year. The remaining 15 days were vacated by payment of \$535, which represents 15 days of the licensee's net gambling income. The licensee also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$1,080 and pay its back licensing fees in the amount of \$1,374.
Ram Family Restaurant & Sports Pub, Tacoma	Failure to delete prizes from flares, properly record winners, and properly deface winning pull-tab tickets.	The licensee agreed to a 30 day suspension. 29 days of the suspension were deferred for one year. The remaining day was vacated by payment of a \$500 fine. The licensee also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$360.
Slick Ric's Brews & Cues, Tacoma	Failure to submit submit Quarterly Activity Reports.	After charges were issued, the license expired, and the case was administratively closed.
Lo Sing Saelee, (CRE, formerly employed at Freddie's Club Casino, Renton)	Criminal History, and failure to fully disclose that history.	Following an administrative hearing, the Administrative Law Judge revoked Mr. Saelee's license. Mr. Saelee did not appeal.
Gus Routos, (CRE, formerly employed at Royal Club, Kent).	Criminal History.	The licensee agreed to surrender his license, and not reapply until at least August 2003.
Timothy Jordan, (CRE, formerly employed at Thunderbird Casino, Yakima)	Criminal History, and failure to fully disclose that history.	Prior to hearing, Mr. Jordan's license expired, and the case was administratively closed.
Richard Sprague (Distributor Representative, W.O.W. Distributing, Mukilteo)	Theft of \$22,000 in gambling receipts from W.O.W. Distributing.	Following an administrative hearing, the Administrative Law Judge revoked Mr. Sprague's license. Mr. Sprague did not appeal.
Sidney's Restaurant & Sports Bar, Aberdeen	Various internal control violations related to the operation of its house-banked card room.	The licensee agreed to a 15 day suspension. 14 days of the suspension were deferred for one year. The remaining day was vacated by reimbursement of the Commission's investigative and administrative costs in the amount of \$2,490. The licensee also agreed to pay the costs of a follow-up investigation.
Aba Daba Café, Lakewood Sung Bae Kim, CRE/Owner (Aba Daba Café)	Unauthorized transfer of license, extension of credit, undisclosed loans, running a 50/50 game.	Prior to hearing, staff discovered that Mr. Kim's license had expired, and he had sold his interest in Aba Daba Café. Therefore, the case was administratively closed.

LICENSEE	VIOLATION	CASE OUTCOME
Silver Dollar Casinos (Tukwila, Tacoma, SeaTac, Mountlake Terrace); Applicants: Golden Nugget Casino (Shoreline), Hideaway (Tukwila), TBI Land LLC (Renton).	Making loans to other house-banked card rooms without first obtaining the required service supplier licenses, and failing to maintain accounting records.	These seven cases were consolidated. The licensees/applicants agreed to a 30 day suspension. 27 days of the suspension were deferred for one year. The remaining three days were vacated by payment of \$245,560, which represents three days' average daily card room net win for all four Silver Dollar Casinos. The licensees/applicants also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$8,640. The licensee and applicants have also agreed to hire a Compliance Officer and Chief Financial Officer, which they believe will help maintain compliance with existing gambling laws and Commission rules.



Financial Reporting Services Reports

The following licensees failed to submit their quarterly reports when due. They have submitted their reports now and paid the appropriate fine based on the number of late reports in the preceding one-year period.

<u>LICENSEE/LOCATION</u>	<u>FINE</u>	<u>YR/QTR</u>
Speedway Grill/Lynnwood	\$200	01/3
Caddy Shack II Sports Pub/Burien	\$200	01/4
China City Restaurant & Lounge/Mount Vernon	\$200	01/4
Harbor Restaurant & Surf Room/Anacortes	\$200	01/4
Larry's Restaurant & Bar/Seattle	\$200	01/4
Petosa's on Broadway/Everett	\$200	01/4

Following is the schedule of fines for reports submitted late. If no report is submitted, the licensee will be issued a statement of charges.

Schedule of Fines

First Offense.....	\$200
Second Offense	\$400
Third Offense	\$600
Fourth Offense: No Fine, a Statement of Charges is automatically issued. Subsequent offenses may lead to loss of license.	

RULES ADOPTED AT THE APRIL COMMISSION MEETING

To Become Effective July 1, 2002

RULES FILED IN MARCH AND UP FOR DISCUSSION AT THE APRIL MEETING

PULL-TAB RULES

The following amendments were made:

- 1) Manufacturers holding a delinquent distributor account must now notify staff and other manufacturers of the delinquency, rather than staff distributing the notice. Sales to the delinquent distributor will be on a cash basis only until the account is brought current. After the account is brought current, the manufacturer will provide notification of such;
- 2) Currently, special pricing transactions can only be made on a single transaction. The amendment also allows for special pricing transactions to be made over a period of seven consecutive days; and
- 3) Clarifies that merchandise prizes listed on flares must be numbered consecutively, in order of value with the highest value prize assigned the lowest available winning number. For example, if prizes are a \$50 sports jacket, \$200 lawn ornament and \$500 television, and numbers 201, 301, 401, and 501 were designated as winning numbers, the television would be assigned #201, the lawn ornaments would be assigned #301, and the jacket would be assigned #401. Number 501 would not be assigned unless a lower value prize was added to the list.

QUALIFICATION REVIEWS

In the past, qualification reviews for Groups III, IV and V organizations were conducted once a year. Group IV and V reviews were presented to the Commission each year. Staff will continue to perform reviews each year; however, the amendment reduces formal Commission presentations of Group IV and V organizations from once a year, to once every three years. Furthermore, organizations with pending administrative actions will not come before the commission for a qualification review until the action has been resolved.

PROMOTIONS FOR GAMBLING ACTIVITIES

There has been a general prohibition against licensees giving credit, loans or gifts to persons participating in gambling activities. Over the years, the commission has granted specific exceptions to this general prohibition.

Last year, gambling promotions were discussed at several commission meetings. In June 2001, the number of promotions charitable and nonprofit organizations could offer were raised from 12 to 18 occasions per year, operators were allowed to offer an unlimited number of discount coupons for their games, and "happy hour" pull-tab games were authorized. The Commission was also discussing card room promotions in June 2001. The proposed amendment would have removed the \$50 per person limit and allowed card room promotions to be conducted without staff approval.

While the card room rules package was under discussion by the Commission, charitable and nonprofit licensees requested approval to give away pull-tabs as prizes. Staff felt it was an appropriate time to address all promotions, rather than continuing to make exceptions to the general prohibition. Therefore, the rules relating to card room promotions were held over for further discussion. During the past nine months, staff have discussed gambling promotions with both commercial and charitable/nonprofit licensees at Commission study sessions. There are still some disagreements with the proposed rules, such as the \$500 limit on promotional items.

This rules package sets forth the parameters licensees must follow when offering promotions in conjunction with gambling activities. Staff will no longer review individual promotions. The rule addresses promotions for both commercial and charitable/nonprofit licensees.

(Continued on page 8)

(Continued from page 7)

Promotions: Gambling promotions will be limited to persons playing in a licensed gambling activity and each promotional item cannot exceed \$500 in actual cost. Promotions cannot be combined with Promotional Contests of Chance.

Gifts: Currently, licensees may give free or discounted food, drink or merchandise away in conjunction with gambling activities. These types of gifts will still be allowed, however, language was added to limit the actual cost of each gift item to no more than \$500. Furthermore, charitable and nonprofit organizations must keep a record of gift recipients when the actual cost of a gift is over \$100.

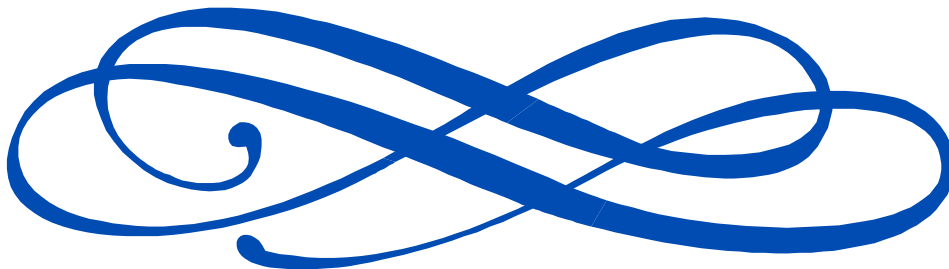
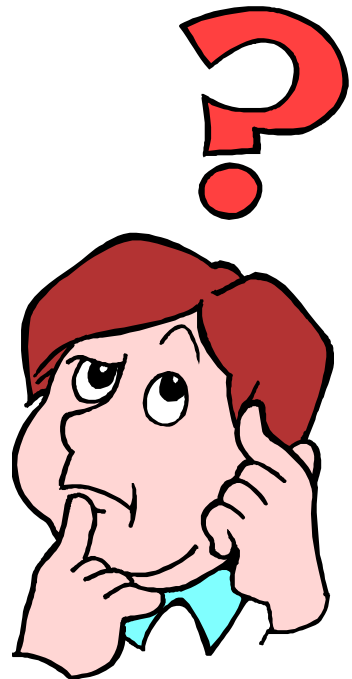
Several rules relating to promotions are proposed to be repealed. Most of the promotions currently allowed will continue to be allowed.

Have you gotten the FAQs (Frequently Asked Questions) about Adjusted Cash Flow Compliance for Bingo Operators?

Are you a bingo operator who is confused about how the adjusted cash flow compliance rules passed last year apply to you? These rules became effective on April 1, 2001. They require that the amount of money available for an organization's charitable and nonprofit programs meet certain standards based on the class of license.

Administrative actions have been taken against organizations who are out of compliance based on this new rule. As a result, staff has received many requests for further clarification about how compliance is measured and how the rule is being implemented.

In early May, these common questions and the answers to them were sent out to all bingo halls. If you did not get this mailing, and would like one, please contact Delores Motz at 1-800-345-2529, extension 3474 (Olympia area number: 486-3474). You can also obtain a copy by e-mail if you send your request to deloresm@wsgc.wa.gov



Upcoming Commission Meetings

April 11 & 12	The Heathman Lodge 7801 NE Greenwood Dr Vancouver, WA 98662	(360) 254-3100
May 9 & 10	West Coast Grand Hotel at the Park 303 W North River Dr Spokane, WA 99202	(509) 326-8000
June 13 & 14	LaConner Country Inn Meeting at Maple Hall (108 Commercial St) 107 S Second St LaConner, WA 98257	(360) 466-3101
July – No meeting		
August 8 & 9	Shilo Inn 707 Ocean Shores Blvd NW Ocean Shores, WA 98569-9593	(360) 289-4600
September – No meeting		
October 10 & 11	Tentatively Scheduled for Spokane	
November 14 & 15	DoubleTree Guest Suites Southcenter 16500 Southcenter Parkway Seattle, WA 98199	(206) 575-8220
December – No meeting		



On the following pages are rules passed through the April Commission meeting. They become effective on the date listed on each rule. Please remove the rules and place into the appropriate section of your rules manual as required in WAC 230-12-080.



AMENDATORY SECTION

WAC 230-04-064 Certification (~~(procedure--All)~~) of new licenses--Formal commission approval. The commission shall review and make a determination regarding the qualification of all persons or organizations requesting to operate gambling activities authorized by chapter 9.46 RCW. The following review procedures apply to applicants for a license:

~~((1) Charitable and nonprofit organizations — To ensure that only bona fide charitable or nonprofit organizations are granted the privilege of raising funds from authorized gambling activities, the commission shall annually review the qualifications of each organization requesting a license to conduct such activities. As a part of this process, each organization shall clearly demonstrate that progress has been made in meeting its purpose(s) by submitting required information and answering such inquiries as deemed necessary by commission staff. The certification process shall be completed as follows:~~

~~(a) All organizations requesting to be certified to conduct any gambling activities in Group I, II, or III shall be reviewed by commission staff and forwarded to the commission for review and approval at a public meeting: Provided, That for any organization requesting to be certified to conduct gambling activities in Group III, the director may direct the staff to prepare a summary of qualifications, as required by subsection (1)(b) of this section, and provide such to the commission for review;~~

~~(b) Any organization requesting to be certified to conduct gambling activities in Group IV or V shall be reviewed by commission staff and a summary of the organization's qualifications shall be prepared and provided to the commission for review and approval. At the request of the director, at least one representative from the organization shall be present at the public meeting at which the summary of their qualification is presented;~~

~~(c) In addition, any organization requesting approval or an upgrade to conduct gambling activities in Group V shall be scheduled for formal review as a condition of licensure and periodically thereafter as determined by the director or the commission. The formal review shall be at a scheduled open meeting of the commission and, when possible, held in the general area which encompasses the organization's service area. The review will cover the organization's most recent annual financial report as required by WAC 230-08-122. If an organization desires to submit additional information, it must be submitted at least twenty days prior to the date of its scheduled review. The organization must be represented by at least three members of its board of directors, its chief executive officer, and the primary gambling manager. The organization may solicit testimony from clients, local social and welfare providing agencies, public agencies, and other charitable or nonprofit organizations. The commission may solicit information from the public or any other interested parties and shall notify local law enforcement agencies of the time and location of the review. The formal review will include a brief session for the organization to inform the commission on the progress made during its previous fiscal year in achieving its purposes, including the extent to which gambling income was used for charitable as opposed to nonprofit services and planned uses for any gambling income remaining from the previous fiscal year;~~

~~(d) At the conclusion of the review of qualifications for a charitable or nonprofit organization, the commission will approve the organization requested or:~~

- ~~(i) Require the organization to submit additional information;~~
- ~~(ii) Return the application to the staff for further investigation; or~~
- ~~(iii) Grant a temporary or conditional license;~~

~~(2) Commercial, individual and all other applicants — After the staff has completed its review of an application, a recommendation shall be made to the commission. The commission shall review each application at a public meeting. Each applicant found to be qualified will be issued the license~~

Administrative Order #412 Effective 07/01/02

~~requested. If the commission does not approve the application, it shall be returned to commission staff for further investigation;~~

~~(3) If an organization is currently licensed and the commission does not approve the application, the application shall be returned to commission staff for further investigation. A temporary or conditional license will be issued pending completion of the review process.))~~

Procedures.

(1) To determine if an individual, organization, and all other applicants for a gambling license are qualified to hold a license, staff shall:

- (a) Investigate the qualifications of each applicant;
- (b) Prepare a recommendation for the commission; and
- (c) Present the recommendation to the commission at a public meeting.

Additional requirements for charitable organizations.

(2) As part of the review process, bona fide charitable or nonprofit organizations shall clearly demonstrate that progress has been made in meeting its stated purpose(s) in order to be granted the privilege of raising funds from authorized gambling activities.

Formal commission approval.

(3) The commission shall review each application at a public meeting. Each qualified applicant shall be issued the license requested. If the commission does not approve the application, it shall be returned to staff for further investigation.

AMENDATORY SECTION

WAC 230-08-255 Bona fide charitable or nonprofit organizations--Qualification review--Significant progress required((--Procedures))--Exception. A charitable or nonprofit organization requesting to be certified to conduct gambling activities must demonstrate it has made significant progress toward its stated purposes during the period under review. The following definitions and procedures will apply:

Progress toward stated purpose.

(1) An organization will be deemed to have made progress toward its stated purposes when it:

- (a) Complies with all requirements set forth in its bylaws and articles of incorporation;
- (b) Actively engages in providing services to the public or its members during the entire period under consideration, and such services directly relate to the stated purposes of the organization;
- (c) Has held elections to select officers at least once in the previous two years; and
- (d) Has held a general membership meeting to conduct the business of the organization at least once in the previous two years.

Available resources for stated purpose.

(2) An organization's progress towards its stated purpose will be deemed significant when a substantial portion of its available resources are used for providing program services during the period under review.

For purposes of this section, available resources:

(a) Include the income generated by or from the following sources for the period under review:

- (i) All net fund-raising activities, including net gambling income;
- (ii) Grants, gifts, and contributions from private sources; and
- (iii) Public support.

(b) Does not include:

- (i) Funds generated in periods other than the period under review;
- (ii) Funds that are raised or contributed from outside the organization for purposes of purchasing land or capital assets or to endow future operations when such funds are specifically identified by the board or contributors as restricted and separately recorded in the organization's records;

(iii) Fees paid by members or the public to receive services or to participate in specific activities. Such fees shall be classified as a reduction to both program service and supporting service expenses on a pro rata basis and as a reduction to resources available for providing services in the current period; or

(iv) Net income from the sale of assets.

Groups IV and V - Significant progress.

(3) In addition to the criteria outlined above, any organization requesting to be certified to operate gambling activities at Group IV or V levels, as defined in WAC 230-12-076, shall demonstrate it has made significant progress by providing evidence that:

(a) It has expended at least sixty percent of net gambling income earned in the organization's most recently completed fiscal year on functional expenses to operate the organization's programs. Functional expenses consist of both program and supporting services; and

(b) Available resources were utilized in an efficient manner during the period. Available resources will be deemed to be utilized in an efficient manner when no more than thirty-five percent of total functional expenses are utilized to provide supporting services as defined by WAC 230-02-279: Provided, That if more than fifty percent of total program services expenses was utilized to provide program services through indirect methods (those which are external to the organization) such as grants, contributions, and/or scholarships, then supporting services expenses shall not exceed twenty percent of functional expenses.

Groups III, IV, and V - Formal qualification review.

(4) Any organization requesting to be certified to conduct gambling activities in:

(a) Group IV or V - shall be reviewed by commission staff and every three years a summary of the organization's qualifications shall be prepared and provided to the commission for review at a public meeting. At least one representative from the organization shall be present at the public meeting when the summary of their qualification review is presented; and

(b) Group III - may be reviewed by commission staff at the request of the director. A summary of the organization's qualifications, as required by this subsection, may be prepared by staff and provided to the commission for review.

Gambling income not separate from other income.

~~((4))~~ (5) When an organization does not keep gambling income separate from all other income of the organization, the amount of net gambling income required to provide functional expenses in the year under review shall be the pro rata portion of net gambling income compared to the total net revenue from all sources.

Waivers.

~~((5))~~ (6) An organization that is unable to demonstrate it has made significant progress by complying with the financial standards and procedures set forth elsewhere in this section may request the director to waive all or portions of the requirements. The following requirements and procedures shall be used to evaluate waivers:

(a) In determining whether to grant such a waiver, the director may consider the following:

(i) Whether the organization's inability to comply is temporary and due to unusual circumstances;

(ii) Whether the organization is reserving funds to start or expand specific programs in the future;

(iii) Whether the organization utilizes a substantial amount of capital assets that are not subject to depreciation or amortization to provide program services. Examples are: Fully depreciated building or equipment; fully amortized leasehold improvements; assets which are not normally depreciated such as land used for athletic fields, riding areas, parks, etc.; and

(iv) Whether the organization conducts a substantial portion of its services through volunteers.

(b) In order for the director to consider a waiver, the organization shall meet the following requirements:

(i) The organization's board shall acknowledge in writing that they are aware of the circumstances, have taken steps to correct the situation which prevented compliance, and have approved a plan that addresses delivery of program services in the future; and

(ii) The organization must expend at least twenty-five percent of its net gambling income to provide program services in the current period; however, the purchase of nondepreciable assets for program purposes may be considered as part of this percentage.

(c) The director will provide the licensee a hearing pursuant to WAC 230-50-010(6), if a waiver will be denied.

AMENDATORY SECTION

WAC 230-12-330 Availability of gambling equipment and related products and services--Prices--Contracts--Discounts--Restrictions--Exceptions. Manufacturers and distributors shall make their products and services available to all licensees without discrimination. Except as authorized by this section, gambling equipment, devices, related paraphernalia or supplies, and services shall be offered to any licensee wishing to purchase such, for the same price and terms. The following restrictions, procedures, and exceptions apply to prices and terms related to sales of gambling-related products or services:

~~((What are the restrictions on prices of gambling products and services?))~~ **Pricing shall be consistent - exceptions.**

(1) **Discriminatory prices are prohibited.** Prices are considered discriminatory when identical or similar items or services are offered to different persons for a different price or under different terms or conditions: Provided, That prices set under the following criteria shall not be considered discriminatory:

(a) **Prices that are established in advance** and available for review by the commission and customers prior to accepting a sales order utilizing such. For purposes of this section, prices are deemed to be established and available when they have been mailed or transmitted by facsimile to the commission at least forty-eight hours prior to completing sales transactions or accepting orders for products or services;

(b) **Separate and different price schedules** established by manufacturers or distributors for transactions conducted with licensees at different marketing levels when such prices are progressively lower at each marketing level above the operator level;

(c) **Prices that are based upon the delivery location** of an item or service. If the price of an item or service is based upon "free on board" (FOB) terms at a specific location, such price may be varied based upon delivery at a different location, if such is justified by objective evidence. The burden of proof regarding such price differentiation is borne by the seller. Such prices are subject to all other requirements of this section; and

(d) **Short-term price reductions or "sales"** by manufacturers or distributors are authorized when every licensee is afforded an opportunity to participate. For purposes of this section licensees will be deemed to have been afforded an opportunity to participate when:

(i) All prices and terms are clearly posted at all sales outlets for the benefit of operators and provided to all customers serviced by mobile sales representatives;

(ii) Manufacturers provide full details of the sale to all licensed distributors, including prices and terms, at least forty-eight hours prior to accepting orders for products or services being offered at a sale price. Such notice shall be by mail or telephone facsimile; and

(iii) Any limitations or conditions of the sale are clearly stated in advertisements or notices for such sale.

~~((Can licensees enter into contracts that either require or restrict use of gambling related products or services?))~~ **Contracts restricting sales not allowed.**

(2) Except as set forth in WAC 230-12-230, licensees shall not enter into contracts that directly or indirectly restrict the distribution or use of gambling equipment, devices, paraphernalia, supplies, or services: Provided, That holders of proprietary rights to products or services that have been gained through patents, copyrights, trademarks, or other similar rights bestowed by state or federal law or by courts shall be allowed to enter into license agreements with manufacturers that

restrict the ability to manufacture or distribute products or services if all other requirements of this section are met. The following transactions are prohibited:

(a) An operator or distributor shall not agree to deal in, purchase, sell, lease, or operate any particular brand or brands of gambling device or equipment to the exclusion of any other brand of gambling device or equipment;

(b) A manufacturer or distributor, or licensed representative or employee thereof, shall not sell or offer to sell, lease, or loan any gambling-related product, service, or merchandise if such is contingent upon the purchase or order of another product, service, or merchandise; and

(c) Except as set forth in this subsection, no person shall enter into any agreement, express or implied, that prohibits a person from selling or providing any gambling-related product or service within a particular geographic area: Provided, That -

(i) Licensed manufacturers, distributors, and service suppliers may enter into such agreements with its licensed representative; and

(ii) An operator may enter into an agreement with a licensed service supplier that is supplying only management or consulting services when such agreement only restricts the service supplier from supplying the same or similar services to other operators within a specified geographic area.

~~((Are discounts allowed?))~~ **Discounts.**

(3) Manufacturers and distributors may offer discounts of base prices that are authorized by this section when such discounts are nondiscriminatory. For purposes of this title, discounts will be deemed to be nondiscriminatory when:

(a) Offered to all licensees on the same terms;

(b) The scheme upon which the discount is based is in writing and submitted to the commission at least forty-eight hours prior to being offered;

(c) The discount applies ~~((only to a single sales transaction and does not relate to a level of sales made over a period of time))~~ to :

(i) A single sales transaction; or

(ii) Multiple sales transactions, which are made over a period of time not to exceed one week.

For purposes of this section, one week shall be defined as seven consecutive days; and

(d) The level of a discount is based only upon any of the following criteria:

(i) The amount of product sold or the dollar value of the sale;

(ii) Whether the purchaser makes full payment in cash at time of sale;

(iii) Whether the purchaser makes final payment for a transaction within a predetermined time period for sales made under "trade account" terms; and

(iv) Any other structure or terms, subject to preapproval by the director. The manufacturer shall pay for the approval process and any additional requirements necessary to assure compliance with this section.

~~((Can manufacturers or distributors elect to limit their sales to a specific market level?))~~ **Limiting sales to specific market levels.**

(4) A licensed manufacturer or distributor may elect to limit sales of products and services to licensees at any marketing level. For purposes of this section, marketing levels are defined as manufacturer, distributor, and operator. If a manufacturer or distributor elects to make sales to any licensee at a marketing level, sales must be made to all licensees at the same level: Provided, That if the distributor is in violation of WAC 230-12-340, the manufacturer shall not be required to make sales to that distributor: Provided further, That transactions between a manufacturer and distributor, when both are owned and operated by the same persons, are considered internal to that business. For

purposes of this section, internal transactions are not considered sales at a different marketing level. All other restrictions of this section apply to such sales. For example:

(a) A licensed manufacturer may elect to sell or provide products and services only to distributors; or

(b) A licensed distributor may elect to sell or provide products and services only to operators.

~~((Can manufacturers or distributors establish minimum purchase requirements?))~~ **Minimum purchasing requirements not allowed - exceptions.**

(5) Manufacturers or distributors shall not set minimum purchase requirements for any product or service, except as authorized below:

(a) Minimum purchase requirements are not allowed for purchases made under prepaid or cash on delivery (COD) terms: Provided, That manufacturers may establish and charge a reasonable fee for services to handle an order for products or services below a specified level, if such policy is in writing and provided to distributors prior to accepting orders;

(b) Minimum purchase restrictions may be set for transactions between manufacturers and distributors that are conducted using trade account terms, as authorized by WAC **230-12-340**;

(c) Discounts may be set based upon a minimum purchase amount as authorized by subsection (3) of this section; and

(d) Minimum purchase restrictions may be placed on products being offered for a bargain or "sale" price if a bargain or "sale" price is established for any and all levels of purchases under such terms.

~~((Are there restrictions on the sale of nongambling products or services sold to licensees by manufacturers or distributors?))~~ **Sales of nongambling products and services.**

(6) A manufacturer or distributor shall not grant licensees, nor shall such licensees accept, more favorable prices, credit terms, or other arrangements than those extended to nonlicensed persons purchasing identical or similar nongambling goods or services. The price of nongambling goods or services sold to licensees shall be in conformity with the open market price in the locality where sold. The terms of such sales shall not exceed those normally granted in accordance with the customary business practice of the particular trade in the locality where such sales are made.

~~((Do the restrictions set forth in this section apply to class III transactions?))~~ **Transactions with tribal casinos.**

(7) This section shall not apply to transactions conducted with tribal governments operating class III casinos under tribal/state compacts or with management companies operating such casinos on the behalf of tribal governments.

AMENDATORY SECTION

WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services--Credit prohibited--Exceptions. The use of credit in the sale of gambling equipment, devices, related supplies or paraphernalia, and services is prohibited. Except as authorized by this section, all sales of such shall be transacted on a cash basis. The following definitions, restrictions, and procedures apply to this section:

(1) ~~((For purposes of this section,))~~ All licensed manufacturers and distributors may sell gambling equipment such as dispensers, bingo blowers, roulette wheels, etc., and gambling-related support equipment through capital lease agreements or other financing arrangements to operators subject to the following conditions and requirements:

(a) The cost of a single item, or group of similar and related items included in the sale, exceeds one thousand dollars;

(b) The term of the contract does not exceed forty-eight months;

(c) All terms of the contract are in writing and copies of such agreements are provided to the commission within thirty days of execution;

(d) The manufacturer or distributor retains only a security interest in the item sold and cannot obtain any ownership interest in the licensee, or exercise any control over the use of the item in the licensed activity;

(e) The amount of payments is not based on the size or level of gambling activity and is determined by use of a standard amortization schedule for the term and stated interest rate;

(f) The interest rate charged by the contract is set at the time of sale and does not vary during the term of the contract; and

(g) The contract does not require the purchaser to directly or indirectly purchase any other products or services from the seller.

Definitions.

(2) The following definitions only apply to subsections (3) through (9) of this section:

(a) "Manufacturers and distributors" refers only to the manufacturers and distributors of pull-tabs, punch boards, and bingo supplies.

(b) A "cash basis" means full payment is received by the seller on or before actual delivery of the product or service to the purchaser;

~~((b))~~ (c) A "trade account" is a payment system that allows distributors to place orders for inventory or services from manufacturers or distributors and to make payment for such within a specific period of time after shipment of the product or completion of the service;

~~((c))~~ (d) "Prescribed time period" is the maximum period of time a distributor has to pay for purchases of goods or services made under trade account terms prior to being restricted to cash basis terms. The time period begins when a product is shipped or service completed and ends on the date payment is actually delivered to the manufacturer or distributor, or if delivered by the U.S. mail, the U.S. postmark date of the envelope containing the payment. For purposes of this section, prescribed time period means no later than sixty days after shipment of the products or completion of the services ~~((for all sales made on or after January 1, 1998)).~~

Authorized transactions.

~~((2))~~ (3) For purposes of this WAC title, the following transactions are authorized and shall not be deemed as credit or loans of money when applicable requirements are met:

(a) Purchases of goods and services from manufacturers or distributors when paid for by checks that meet the requirements of WAC 230-12-350;

(b) Purchases of goods or services by distributors from manufacturers or other distributors when utilizing trade account terms and the requirements of subsection ~~((3))~~ (4) of this section are followed;

(c) Promissory notes between manufacturers and distributors for payment of debts incurred prior to the effective date of this section ~~((when such notes are issued under the conditions set forth in this section))~~;

(d) Purchases made under capital lease agreements when the requirements of this section are followed;

(e) All transactions between manufacturers or distributors and tribal governments or companies certified to manage class III gambling activities operated under a tribal/state compact are exempt from all provisions of this section;

(f) Charitable or nonprofit organizations licensed to conduct bingo may purchase bingo cards and bingo supplies from distributors and/or manufacturers and receive such without making immediate payment if payment is made, by check or cash, no later than thirty days after delivery of the product. If the distributor or manufacturer does not receive payment within thirty days, they must immediately restrict the licensee to sales on a cash on delivery basis until payment is received. Licensees paying for bingo supplies on terms other than a cash basis must document on the purchase invoice the date paid and the check number; and

(g) The sales of nongambling equipment, fixtures, supplies, or commodities to licensees are exempt from all provisions of this section when the requirements of WAC 230-12-330 are met.

Trade account conditions.

~~((3))~~ (4) Manufacturers and distributors may allow distributors to establish "trade accounts" to purchase gambling-related inventory or services without making immediate payment under the following conditions:

(a) Trade account terms, if offered to any distributor, shall be made available to all distributors without discrimination: Provided, That trade accounts may be restricted to distributors that:

(i) Meet objective credit criterion established by a manufacturer or distributor. Such criterion must be in writing, available to the commission for review, and provided to any distributor upon request. A manufacturer or distributor may include a distributor's payment history as a part of the trade account approval criterion;

(ii) Meet minimum purchase requirements established by the manufacturer: Provided, That the minimum purchase requirement shall not be greater than five hundred dollars per transaction;

(b) Trade account terms shall not allow a manufacturer or distributor to gain any ownership or financial interest in a licensee. This section is not intended to prohibit or restrict a manufacturer or distributor from gaining a security interest in inventory sold for credit, as authorized by the Uniform Commercial Code: Provided, That this section shall not allow a manufacturer to obtain an interest in inventory sold by any other manufacturer under trade account terms;

(c) A distributor shall make full payment for all goods or services purchased under trade account terms within the prescribed time period. Failure to pay within the prescribed time period may be deemed solicitation of credit by the distributor.

Procedures for past due accounts - notification and sales restrictions.

~~((4))~~ (5) When a distributor fails to pay for goods or services purchased under trade account terms within the prescribed time period, the creditor manufacturer or distributor shall comply with the procedures set forth below. Failure to comply with these procedures may result in the manufacturer or distributor being deemed to have extended credit to the distributor. The following procedures must be followed when a distributor fails to make required payments:

(a) Notify the delinquent distributor (~~and the commission~~) of failure to pay by telephone no later than the end of the next business day;

(b) Restrict sales of all goods and services to the delinquent distributor no later than the end of the third business day after the default: Provided, That sales may be made to a delinquent distributor on a cash basis only;

(c) Notify the commission and all licensed manufacturers and distributors in writing by letter, facsimile or e-mail no later than the end of the fifth business day after default. Written notification shall include at least the following:

(i) The distributor's name;

(ii) The invoice or shipping order numbers involved in the transaction;

(iii) ~~((The dollar amount of the delinquent account;~~

~~(iv)))~~ The date the item was shipped or service was provided; and

~~((v) A statement of whether the distributor has filed a complaint regarding billings and whether the amount owed is in dispute;~~

~~(vi) Any agreements between the parties to clear the debt, including terms, payment schedule, and any third party guarantors of the debt;~~

~~(vii) The interest rate or service charge, if such is charged;~~

~~(viii) Whether a security interest in the inventory or any other assets of the licensed distributor or individual owners of the distributor has been obtained or is in effect; and~~

~~(ix) Any other information requested by the commission.~~

~~(5) If the director does not receive notice that the debtor distributor has corrected the conditions which caused the default prior to the end of the seventh business day after initial notice was received, all licensed manufacturers and distributors will be notified that such distributor has been restricted to cash basis terms. Initial notification shall be by telephone or facsimile on the next business day, followed by written notification within ten days. The manufacturer or distributor shall immediately notify the commission by telephone or facsimile upon receipt of payment. If notified prior to the end of the seventh business day after initially notifying the commission, the director will stop all proceedings and allow the reporting manufacturer or distributor to continue trade account terms without taking further action.~~

~~(6) Upon receipt of notification from the commission that a distributor has been restricted, manufacturers and distributors shall immediately cease sales, shipments of products, and providing of services to the delinquent distributor on other than a cash basis.~~

~~(7) Any distributor that has been restricted by the director under this section shall remain restricted until all delinquent accounts with any reporting manufacturer or distributor are current and the director has been notified of such. The director shall utilize the following guidelines and procedures for removing trade account sales restrictions:~~

~~(a) First delinquent payment within a calendar year — The director shall notify all manufacturers by telephone or facsimile no later than the next business day after receiving notification that a delinquent distributor is current and that trade account sales may continue. Written notification shall be made within ten days; or~~

~~(b) Second and subsequent violations within a calendar year — The director may restrict a distributor to a cash basis for a period not to exceed sixty days beginning on the date of notification that a delinquent distributor is current. In this event, the director shall notify the delinquent distributor and all manufacturers and distributors in writing of the date when trade account terms may be continued.~~

~~(8) Gambling-related products or services purchased by distributors prior to January 1, 1998, shall be paid in full no later than March 31, 1998. Any distributor failing to comply with this requirement shall be restricted to making purchases on a cash basis until all such accounts are paid in full. The director shall utilize the procedures set forth in subsections (5), (6), and (7) of this section~~

~~to impose or remove restrictions imposed under this subsection: Provided, That creditor manufacturers and distributors may convert amounts owed by distributors at January 1, 1998, into a promissory note utilizing the procedures and restrictions set forth in this section.~~

~~(9) Manufacturers and distributors who elect to convert amounts owed from distributors at the effective date of this section to a promissory note shall utilize the following procedures and restrictions:~~

~~(a) Written notification of conversion to a promissory note, including a copy of such note, must be received by the commission no later than March 31, 1998;~~

~~(b) The promissory note shall not grant the manufacturer the ability to influence the management of the distributor's business: Provided, That in the case of legal bankruptcy, the terms and conditions of a bankruptcy order shall govern;~~

~~(c) The promissory note shall amortize the balance owed over a certain period that does not exceed sixty months;~~

~~(d) Manufacturers or distributors electing to grant promissory notes authorized by this section shall make such provisions available to all distributors with outstanding balances at the effective date of this section under the same conditions and terms;~~

~~(e) Terms of the promissory note shall require the following:~~

~~(i) Minimum monthly payment of the principal;~~

~~(ii) Interest rate, if any is imposed;~~

~~(iii) Full description of all collateral; and~~

~~(iv) Adequate details of the procedures to be followed for late payments and/or default;~~

~~(f)) (iv) Any other information requested by the commission.~~

Cash only sales to delinquent distributors.

(6) Upon receipt of notification from the manufacturer that a distributor has a delinquent account, manufacturers and distributors shall immediately cease sales, shipments of products, and providing services to the delinquent distributor on other than a cash basis.

Notification of payment on past due accounts.

(7) The manufacturer shall notify the commission and all manufacturers and distributors in writing by letter, facsimile or e-mail, no later than the next business day after receiving payment from the delinquent distributor for the outstanding account. Trade account sales may then resume with all manufacturers.

(8) The distributor that was placed on a credit hold shall notify the commission in writing by letter, facsimile or e-mail, no later than the next business day after payment has been made to the manufacturer in which they were delinquent.

Failure to pay promissory notes.

(9) A creditor manufacturer or distributor shall immediately notify the commission if a distributor fails to abide by the terms of the promissory note and the process being pursued to correct the situation. ((The director may, depending upon circumstances, impose restrictions set forth in subsections (5), (6), and (7) of this section on purchases under trade account terms for the delinquent distributor.

~~(10) Licensed manufacturers and distributors may sell gambling equipment such as dispensers, bingo blowers, roulette wheels, etc., and gambling-related support equipment through capital lease agreements or other financing arrangements to operators subject to the following conditions and requirements:~~

~~(a) The cost of a single item, or group of similar and related items included in the sale, exceeds one thousand dollars;~~

- ~~(b) The term of the contract does not exceed forty-eight months;~~
- ~~(c) All terms of the contract are in writing and copies of such agreements are provided to the commission within thirty days of execution;~~
- ~~(d) The manufacturer or distributor retains only a security interest in the item sold and cannot obtain any ownership interest in the licensee, or exercise any control over the use of the item in the licensed activity;~~
- ~~(e) The amount of payments is not based on the size or level of gambling activity and is determined by use of a standard amortization schedule for the term and stated interest rate;~~
- ~~(f) The interest rate charged by the contract is set at the time of sale and does not vary during the term of the contract; and~~
- ~~(g) The contract does not require the purchaser to directly or indirectly purchase any other products or services from the seller.))~~

AMENDATORY SECTION

WAC 230-30-106 Punch board and pull-tab flares restrictions--Standards--Substitute flares. The following restrictions, standards, and procedures apply to the use of flares and substitute flares:

Only manufacturers to produce flares - exception.

(1) Except as set forth in subsection (6) of this section, the flare advertising prizes available from the operation of any punch board, or any series of pull-tabs, shall be made by the manufacturer only and shall not be altered by any operator or distributor;

One flare per game.

(2) No person shall place or have out in public view more than one flare advertising the prizes available from the operation of any punch board, or from any series of pull-tabs;

Displaying flares.

(3) Flares shall be placed as follows:

(a) Only upon the upper face, or on the top of any punch board; or

(b) In plain view and in the vicinity of any pull-tab dispensing device or container. If the flare is not attached to the dispensing device or container, a numerical or alphabetical reference shall be included directly on the flare and dispensing device or container clearly indicating which flare corresponds to which series.

Standards for flares.

(4) Flares shall meet the following standards:

(a) Flares must clearly set out each of the prizes available and the numbers or symbols which win each prize. For progressive jackpot series, the progressive jackpot meter board shall be considered a supplement to the flare. Reference to such shall be made on the flare;

(b) Flares must set out the winning numbers or symbols for prizes of over twenty dollars in cash, or merchandise worth more than twenty dollars at retail, in such a manner that each may be easily and clearly deleted or marked off as each prize is won and awarded. For the purposes of this subsection the retail value of a merchandise prize shall be the amount actually paid by the licensed operator plus fifty percent of that actual cost;

(c) The cost to the player for each punch or pull-tab shall be clearly posted on the flare;

(d) The manufacturer shall clearly set out on the flare the series number assigned to that punch board or pull-tab series by the manufacturer. For pull-tab series, this number shall be clearly displayed on the face of the flare. This series number shall not be altered by the distributor or operator;

(e) The flare shall contain the Washington state identification and inspection services stamp number assigned to the board or series, as required by WAC 230-08-017;

(f) For pull-tab series, the total number of pull-tabs originally in the series shall be clearly disclosed on the face of the flare. ~~((Effective July 1, 1997,))~~ The following flares shall prominently display the ticket count in one-half inch size lettering on the flare;

(i) Any newly designed flare;

(ii) Any previously designed flare for pull-tab series with a ticket count over six thousand, which has not yet been packaged;

(g) Flares must contain the manufacturer of the board or series. A stamp, seal, or label which identifies the manufacturer may be substituted if the commission has been informed of such prior to its use.

Bonus pull-tab flares.

(5) Additional standards for bonus pull-tab flares:

(a) The manufacturer shall develop and use at least twenty-five different versions of flares (face sheets) for each form number of a bonus series. Flares which contain prizes that are determined after the player receives the corresponding winning chance shall be constructed so that it is impossible to determine the prizes prior to removing the prize covering, in any manner or by any device. Face sheets shall be utilized in such a manner so as to ensure random distribution during the manufacturing and packing process;

(b) The middle or advance level shall be labeled with the term "ADVANCE SECTION" with a minimum one-quarter inch size lettering;

(c) The top tier level shall be labeled with the term "BONUS SECTION" with a minimum one-quarter inch size lettering;

(d) The number of winners which could be awarded in the top tier level shall be clearly noted on the flare with a minimum three-eighths inch size lettering. In addition, the number of winners and the number of advances in each advance level shall be clearly displayed;

(e) All prizes for each advance and bonus level shall be clearly displayed so that only the winners within the possible combinations are shown. Where applicable, the word "OR" shall be used to illustrate the possible combinations in which the bonus prizes can be won. Duplicate references to prizes shall not be shown on the flare.

Substitute flares.

(6) A substitute flare may be utilized on punch boards or pull-tabs, unless otherwise restricted by commission rules, provided all the requirements of this subsection are met:

(a) Distributors may apply manufacturer-produced substitute flares to punch boards and pull-tab series;

(b) Licensed operators or distributors may make and use substitute flares on punch boards and pull-tab series which offer merchandise or combination merchandise-cash prizes.

(c) The responsibility for ensuring the substitute flare meets the requirements set forth in this section shall rest with the manufacturer, distributor, or operator who changes the original flare and attaches the substitute flare.

(d) All substitute flares must comply with the requirements of subsections (4) and (5) of this section;

(e) All substitute flares shall have the Washington state identification and inspection services stamp number and series number assigned to the punch board or pull-tab series permanently recorded in ink on the face of the substitute flare;

(f) The original manufacturer's flare shall be permanently defaced so it is unusable and the substitute flare shall be attached to the original manufacturer's flare so that the original Washington state identification and inspection services stamp and series number can be accessed for inspection;

(g) For flares converted from cash prizes to combination merchandise-cash prizes, at least fifty percent of the total value of prizes offered shall be merchandise; and

(h) Substitute flares which offer merchandise, or combination merchandise-cash, must utilize numbers, not symbols, to denote winners. ~~((The winning numbers on the substitute flare shall be selected from the winning numbers on the flare made by the manufacturer, or from the optional numbers placed on the back of the board by the manufacturer. Prizes must be assigned to the winning numbers consecutively, starting with the highest value prize being assigned the lowest available winning number.))~~ The substitute flare shall be constructed as follows:

(i) Winning numbers shall be selected from the flare made by the manufacturer, or from the manufacturer's designated winning numbers on the punch board;

(ii) The highest valued prize(s) shall be assigned to the lowest available winning number(s);
and

(iii) The second highest valued prize(s) shall be assigned to the next lowest available winning number(s) and shall be repeated until all prizes are consecutively assigned winning numbers, based on their value: Provided, That if the substitute flare is made by a licensed distributor, the winning numbers may be selected sequentially from the original flare made by the manufacturer.

Happy hour pull-tab games.

(7) In addition to prizes established by manufacturers, pull-tab licensees may increase prizes or add additional prizes to punch boards or pull-tab series under the following conditions:

- (a) Such prizes shall be cash or merchandise;
- (b) The manufacturer's flare shall not be changed;
- (c) Full details of the prizes, including requirements to qualify, shall be disclosed to players by means of an additional sign or notice that is permanently attached to the manufacturer's flare;
- (d) The increase or additional prizes must be added to every prize that is within a tier or section of the flare;
- (e) Documentation regarding all additional prizes shall be stapled or otherwise permanently attached to the winning punch or pull-tab for which such a prize is awarded. Minimum documentation shall include a description of the prize awarded and the name of the winner; and
- (f) Bona fide charitable or nonprofit organizations shall limit games authorized in subsection (7) of this section to only one game in play at any point in time.

Mandatory Training – Second Quarter 2002

Attendees DO NOT need to register. There is no cost for these classes.

Northwest Region		(425) 776-6751, Ext. 221		Directions on Voice Mail: Ext. 370			
Date / Location		Time		Class Title		Directions	
April 2, May 7, June 4 Shoreline Conference Center 18560 1 st Avenue NE Shoreline, WA 98155 (Class Room Wing, at the south end of the building)		8:00 am – 10:00 am		Card Rooms		I-5 Going South: Take 205 th St. (Exit 176). Turn right onto 205 th St. ① Go to 1 st Ave. NE (at next light) and turn left onto 1 st NE (1 st NE is <i>approximately 1 mile west of I-5</i>). ----- I-5 Going North: Take 205 th St. (Exit 176). Continue from ① above. ----- <i>Park on South End of Building.</i>	
		10:00 am – 12:00 pm		Punch Boards / Pull-Tabs			
		1:00 pm – 1:45 pm		Raffles (April 2 ONLY)			
		2:00 pm – 4:00 pm		Bingo (April 2 ONLY)			
Eastern Region		(509) 456-3167, Ext. 228					
Date / Location		Time		Class Title		Directions	
April 4, May 8, June 5 Gambling Commission Office N. 901 Monroe, Suite 240 Spokane, WA		8:00 am – 10:00 am		Card Rooms		Call the Regional Office for Specific Directions	
		10:15 am – 12:15 pm		Punch Boards / Pull-Tabs			
		1:00 pm – 3:00 pm		Bingo			
		3:00 pm – 3:45 pm		Raffles (April 4 and June 5 ONLY)			
April 9th Department of Transportation 2825 Euclid Ave. Bldg. 9 Wenatchee, WA		8:00 am – 10:00 am		Card Rooms			
		10:15 am – 12:15 pm		Punch Boards / Pull-Tabs			
		1:00 pm – 3:00 pm		Bingo			
		3:00 pm – 3:45 pm		Raffles			
May 28 Department of Transportation 900 E. Selah Road Yakima, WA		8:00 am – 10:00 am		Card Rooms			
		10:15 am – 12:15 pm		Punch Boards / Pull-Tabs			
		1:00 pm – 3:00 pm		Bingo			
		3:00 pm – 3:45 pm		Raffles			
June 13 Benton County PUD Building Hwy 395 and 10 th Avenue Kennewick, WA		8:00 am – 10:00 am		Card Rooms			
		10:15 am – 12:15 pm		Punch Boards / Pull-Tabs			
		1:00 pm – 3:00 pm		Bingo			
		3:00 pm – 3:45 pm		Raffles			
Southwest Region		(253) 471-5312, Ext. 221					
Date / Location		Date/Time		Class Title		Directions	
April 3, May 1, June 5 South Park Community Center 4851 S. Tacoma Way Tacoma, WA 253-591-5299		8:00 am – 10:00 am		Card Rooms		From I-5: Take Exit 130 going west (56 th Street). Proceed west on 56 th . Turn <i>right on South Tacoma Way</i> and proceed north until you reach the <i>50th Street and South Tacoma Way</i> intersection (stop light). The community center (white building) <i>is on your immediate right</i> at this intersection. Turn right and park.	
		10:15 am – 12:15 pm		Punch Boards / Pull-Tabs			
		1:00 pm – 3:00 pm		Bingo (May 1 ONLY)			
		3:15 pm – 4:00 pm		Raffles (May 1 ONLY)			
June 4 Red Lion Hotel Exit 39 off I-5 510 Kelso Drive Kelso, WA		8:00 am – 10:00 am		Card Rooms		I-5 Going North: Take Exit 39. Turn <i>Right onto Allen St.</i> Turn <i>Right onto Kelso Drive</i> . ----- I-5 Going South: Take Exit 39. Turn <i>Left onto Allen St.</i> Turn <i>Right onto Kelso Drive</i> .	
		10:15 am – 12:15 pm		Punch Boards / Pull-Tabs			
		1:00 pm – 3:00 pm		Bingo			
		3:15 pm – 4:00 pm		Raffles			

Commercial Amusement Games (Class B and above) and Fund-Raising Events:

Call your local Regional Office regarding Mandatory Training scheduling.

Operational Questions / Regional Offices

Lynnwood	(425) 776-6751	Tacoma	(253) 471-5312	Spokane	(509) 456-3167
Bellingham	(360) 738-6203	Yakima	(509) 575-2820	Wenatchee	(509) 662-0435

Headquarters

Lacey (800) 345-2529 or (360) 486-3440

Administration	3447	Administrative Charges & Cases	3465
Media Questions	3466/3463	Tribal Negotiations (Class III)	3449/3468
License Application Requests	3440	Tribal Implementations (Class III)	3587
Status of License Application (General)	3440	Problem Gambling	3467
Pre-License Financial Investigation	3555	Rule Changes	3466
(Commercial, Nonprofit, Suppliers, Mfg, Class III)		Commission Meeting Agenda	3447
Mandatory Training Schedule	3440	Activity Report Annual/Quarterly	3474
Public Disclosure Requests	3529	Record Keeping Forms	3440
Newsletter	3467	ID Stamps/Business Operation Office	3489
Unlicensed Raffles	3466/3467	Human Resources (Personnel)	3457
Business Promotional Contest of Chance	3466/3467	Regulatory Questions/Field Operations	*

*** Call the closest regional office listed above**

Washington State Council on Problem Gambling
(800) 547-6133

WASHINGTON STATE GAMBLING COMMISSION

Mailing Address:
P.O. Box 42400
Olympia, WA 98504-2400

Location:
4565 7th Avenue SE
Lacey, WA 98503

Phone: (360) 486-3440
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